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March 8, 2012

To the Co-Chairs and members of the Labor Committee
Testimony in SUPPORT of H.B. No. 5313 AA CREATING A TASK FORCE TO STUDY A STATE-
ADMINISTERED PENSION FUND FOR EMPLOYEES IN THE STATE

Submitted by Lindsay Farrell, Executive Director

Senator Prague, Representative Zalaski and members of the Aging Committee, thank you for holding a hearing on this crucial topic of establishing a task force to identify policies to ensure that Connecticut's future retirees can enjoy a secure retirement.

Our economy has changed from how it was a half century ago and many ways, including the future economic security of retirees. The three pillars of a secure retirement have historically included Social Security, an employer-provided pension plan, and personal savings.

In the face of stagnant wages, fewer and fewer individuals can save for their retirement substantially enough, or even at all. Furthermore, employers are increasingly less likely to provide a retirement plan for their employees, as middle-class jobs are replaced with low-wage service sector jobs. Fewer private sector employees have access to traditional pension plans. In 1975, a full 88% of private sector workers with a workplace retirement plan had pension coverage; by 2005, this number had dwindled to 33%.

The 401k trend in retirement savings overall tends to benefit the wealthy, and exacerbate inequalities for the less privileged. A few facts to consider:

- 70% of the tax subsidies for defined contribution plans go to the top 20% wealthiest contributors.
- Single women have the largest retirement income deficit, regardless of age cohort, due mostly to a lifetime of pay inequity in the workplace. 40% of older women in CT rely solely on Social Security benefits to support themselves.
- According to the Commission on Aging and the Permanent Commission on the Status of Women, an individual needs an annual income of \$21,383 if they own a home without a mortgage. The average Social Security benefit for an individual is \$14,154, only 66% of their needed income. The disparity is greater for individuals who need to pay rent or a mortgage.

This is not just unfair; it is an economic disaster waiting to happen for our state. By 2020, over 900,000 people will be over the age of 60. What will happen to our local economy when most of them cannot afford groceries or utilities or to keep a roof over their heads, let alone luxuries such as new clothing or accessible healthcare? What happens when older workers are replacing the jobs needed by our younger workforce because they desperately need the income? After a lifetime of hard work, retirees deserve the income they need to support themselves and they deserve dignity as they age.